



UN GLOBAL COMPACT

HUMAN RIGHTS



LABOUR



ENVIRONMENT



ANTI-CORRUPTION



Communication on Progress 2012

July 2013

About Lincoln Crowne & Company®

LCC is a trusted, independent securities dealer specialising in the delivery of strategic Mergers & Acquisitions advice. As a boutique corporate finance firm, LCC has expertise in guiding Boards of Directors and Shareholders through complex Mergers & Acquisitions and Corporate Strategy Engagements. LCC's approach to all engagements is based on both technical and economic fundamentals, and how these fundamentals translate into shareholder value.

LCC's core principles are based on the understanding that its purpose as a Firm is to deliver deal making expertise, innovative thinking, deep commercial and financial judgment, and clear independent advice.



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From Executive Director - Nicholas Assef

Since its initial commitment to the principles of the United Nations Global Compact ('UNGC'), Lincoln Crowne & Company® ('LCC®') has continued to advocate, integrate, respect and support the importance of the UNGC's Ten Principles.

Our approach to social responsibility continues to focus on the rights of children in under developed countries, particularly in the Asia Pacific region where LCC primarily conducts its work. We are committed to the advancement of basic human rights through our business activities and philanthropic ventures. During 2012 we have supported organisations that are committed to nurturing and educating youth.

Given our ongoing support of Article 26 of the Universal Declaration of Human Rights, our efforts are aligned with our commitment to the UNGC. Reuters reported on LCC's main education initiative in the article "LCC to combat alarming rise of illiteracy in children" on 2 November 2012. On this day LCC announced an innovative philanthropic programme to assist extremely poor and underprivileged children in Australia and the Pacific Island Nations to meet basic education standards. This programme is reflective of a global change, albeit a slow one, around the rising school enrolment rate in East Asia and the Pacific (39% to 52% from 2000 to 2009) and the positive global growth rate in enrolment (UNICEF). Whilst the situation is certainly improving, it is important to avoid complacency, as there is much more to do in this region for children's education.

We have found that the reference to the UNGC on our corporate website, staff orientation packages, and in client presentations, proposals and documentation has continue to add a depth to our commitment, as well as invoke an immediate interest in our level of engagement with the Ten Principles.

Twelve months since I last reported to the UNGC, it gives me great pleasure in making a continued statement of support. We have rotated our presence away from Singapore and have an office in Hong Kong. The Ten Principles continue to form the framework in which LCC engages and conducts business both in Australia, and the Asian region.

In *'Embedding Human Rights in Business Practice II'*, the 2007 report published by the United Nations Global Compact, it was stressed that company leaders are critical to the company's overall commitment to human rights, in order to make sustainable progress on business, human rights and the interweave between the two. I aspire to be that leader; and remain committed to the UN Global Compact, the values it upholds and the Principles it lays down.

Nicholas Assef



Practical actions and measurable outcomes

1. Human Rights

Principle's 1 and 2 of the UNGC continue to provide LCC with a clear guide on the importance of supporting and respecting the protection of internationally proclaimed human rights and in ensuring that the firm is not complicit in human rights abuses. LCC's business continues to develop on a cross border basis and we engage with companies and individuals that have cross-border interests. As such these first two Principles remain of the utmost importance. In our preliminary due diligence, LCC ensures that the company, its subsidiaries and the individuals within it engage in ethical business practices and enforce human rights protections in their policies and procedures from the top down. LCC works heavily in the resources sector and with mid-cap companies in this space. Given the sector's infamy with human rights lawsuits such as the one brought against ExxonMobil and its Indonesian affiliate in 2011, LCC is careful to analyse both the management's business practices, as well as operations at ground level such as at mine sites. This case was very similar to another in the oil industry in *Kiobel v. Royal Dutch Petroleum* where human rights abuses were allegedly committed by the Nigerian military allegedly supported by the company. In a region where human rights abuses have traditionally been associated with corrupt governments and businesses, LCC is very careful with whom it conducts business with.

The UNGC's principles are upheld by LCC in our ongoing work with children's charities in developing nations. Through our interactions with these organisations we continue to learn of unacceptable circumstances where children are forced into human trafficking, in direct conflict with Principle 1– "Businesses should support and respect the protection of internationally proclaimed human rights." When LCC originally made contact with the Blue Dragon Children's Foundation once becoming aware of the groundbreaking work Michael Brosowski was making in Vietnam, we knew this was an initiative we wanted to support. A lack of political, social and economic stability coupled with a lack of anti-trafficking legislation and accountability has in the past represented a very bleak reality for Vietnam. The 'UN Inter-Agency Project on Human Trafficking' argues that socio-economic realities (such as the difficulty finding employment in rural and remote areas) and low education levels are the two main causes of the situation in Vietnam. The rise of foreigners visiting the country for the purpose of sex and adultery and a lack of public awareness of the dangers of trafficking have painted the landscape for quite some time, with the Vietnamese Supreme People's Court finding there was a 60% increase in the number of trafficking cases between 2001 and 2006.

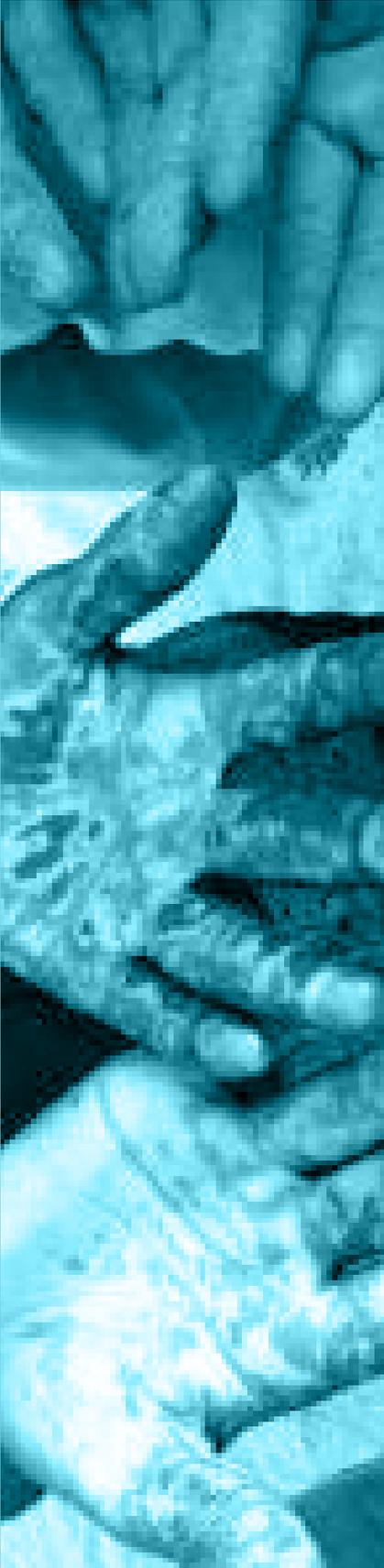


In 2006, the Vietnamese Government signed an anti-trafficking memorandum of understanding with China and Cambodia for more cooperation in identifying victims and prosecuting traffickers. LCC recognizes there is still a very large gap in support for victims to forge a new path following the horrific experience of being trafficked. Organisations like Blue Dragon are attempting to rectify the outcome for the children that they can.

In 2012, LCC's funding supported three victims of human trafficking with their tuition. All three young women were trafficked to work in brothels before being rescued by Blue Dragon; they are now studying in Hanoi and making plans for the future. Blue Dragon has contracted three qualified and energetic tutors with funding from LCC. All three started working with their respective tutors, and are primarily focused on improving their English skills, one of the young women is also being tutored in Chinese. These lessons will no doubt improve their chances of finding well-paid, long term and meaningful work after they finish their schooling. This initiative clearly ties LCC commitment to the pursuit, respect and support of human rights as well as our commitment to the pursuit of education in these regions.

LCC also made financial commitments to Treasure House Children's Home in Fiji in 2012. Treasure House is a home for under privileged children orphaned through tragic circumstances. Some of them are without one or both parents, in some cases as a direct result of domestic crisis and violence, deep poverty and drug, alcohol or sex abuse – a breach of the UNGC Principles 1 & 2. Affected by the cyclone in December, structural damage took some toll on the Home. In amongst this, LCC commenced its Education Fundamentals Programme at the end of the year and two of the most illiterate children were starting to learn under the guidance of the head teacher, how to spell and read – a very exciting time.

Unfortunately, as the UN has correctly identified, there are still too many children affected by neglect and poverty. Goal 2 of the Millennium Development Goals set the target to ensure that by 2015, children everywhere will be able to complete a full course of primary schooling. It is affirming to see progress here in South Asia where the adjusted net enrolment rate in primary education (1998/99 and 2008/09) improved from 79% to 91% - a very encouraging statistic for our region and is why we continue to support such initiatives.



2. Labour & Client Engagements

LCC continues to evolve its business practices to ensure that it only deals with organisations that have a demonstrated positive action in relation to Principles 3, 4, 5 and 6 of the UNGC or alternatively whose corporate leaders philosophically embrace those Principles where immediate evidence of positive action is not readily available.

Additionally LCC has during 2012 / 2013 reviewed its own Employment Contracts for all staff in order to ensure that the firm's hiring policy also furthers our commitment to ensuring fair practice and the elimination of discrimination in respect of employment and occupation in line with the Anti-Discrimination Act 1977.

Additionally, LCC has introduced a 'no securities trading policy' to ensure the highest ethical standards are maintained by all staff who handle sensitive client information.



3. Environment

LCC understands the importance of promoting greater environmental responsibility, and the development and diffusion of environmentally friendly technologies. Principles 8 and 9 of the UNGC provide LCC a good reference to these matters of global sustainability. Internally we operate cloud base file management software which measurably reduces the amount of paper generation. The firm's Staff Orientation Guide communicates the importance of "paperless policies", encouraging staff to utilize the recyclable bin in-house whereby documents are destroyed of by a third party. Documents are also scanned onto our cloud document management system for future reference and filing, as opposed to hard copy filing. We also, wherever possible, request from third party providers online invoices. The growing trend of communicating through digital channels and of organisation's opting to charge customers for hard-copy invoices, has made this decision both an effective environmental and economic one. We also use the same approach for our invoicing methods via email.

Making sure that our workplace employs current technologies allows a high level of energy efficiency. All computers are set to run with "sleep" and nightly "shut down" timers in place. This effectively cuts down on energy consumption.

Australians are among the highest users of technology, and e-waste (electronic-waste) is one of the fastest growing types of waste. 37 million computers have been sent to landfill up to 2008. Of the 15.7 million computers that reached their 'end of life' in Australia in 2007-08, only 1.5 million were recycled. Where Europe is currently in surplus with regard to recycled toner and ink cartridges Australia is in deficit. Hundreds of millions of used original equipment manufacturer (OEM) cartridges continue to find their way into landfill. Of the 1.6 billion OEM cartridges sold annually and consumed globally, Australia sells 35 million. Only 25% of this global total is remanufactured, leaving 1.2 billion OEM products available for recycling - yet less than 30% of this sub-total of e-waste is collected and recycled.

LCC maintains strict in-house policies on the recycling of e-waste. Recently the firm purchased a high grade printer from Konica, the agreement of which includes the re-cycling of used printer cartridges and printer hardware. We also recycle computer hardware that have reached their end of life wherever possible.

We are currently in final discussion stages of our new office lease. One of the main considerations has been the buildings NABERS rating - a national system that measures the environmental performance of Australian buildings, tenancies and homes. NABERS measures the energy efficiency, water usage, waste management and indoor environmental quality of a building or tenancy and its impact on the environment.

Our current building Aurora Place, has a NABERS rating of 4 stars. Of the three buildings we are considering for our new lease, the ratings vary significantly from 1.5 stars to 4 stars for both water and energy. These widely varying ratings will certainly have an effect on our overall decision. NABERS assists both owners and tenants to reduce energy use, energy costs and greenhouse emissions. Therefore, LCC seeks to maintain the level of environmental sustainability it currently holds at Aurora.



4. Anti-Corruption

During 2013 LCC has introduced a simple but mandatory risk assessment process for each potential client engagement where threshold questions must be answered in order to satisfy LCC that the client both engages in good corporate practice and has a business model that is consistent with UNGC standards.

We have also strengthened our client engagement contracts to reinforce the requirements of high standards of corporate governance combined with requirements of transparency and anti-corruption practices. In the Firm's engagement letters we go further to referring to our UNGC involvement and suggesting to clients that they should consider joining the initiative as well.

LCC is a licensed financial services provider, holding a Financial Services Licence and is therefore ASIC compliant. The Firm's recent revision of our Employment Contracts communicates a very strict no share trading policy that all Employees must adhere to. Given the sensitive nature of our work, this is a fundamental requirement. Our core business involves dealing directly with Boards and Senior executives. The UNGC directly addresses the role of corporate Boards in moving their companies towards sustainable practice policies. LCC is then challenged to ensure its ongoing commitment to the UNGC by choosing to work with CEO's, Boards of Directors and Shareholders that promote a demonstrated respect for environmental, anti-corruption, labour and human rights policies that are in line with the UNGC.



Summation

In this annual Communication on Progress, LCC has described, explained and discussed the importance of the initiatives, practical actions and steps we have taken to enhance our commitment to the United Nations Global Compact during 2012. This has involved analysis, due diligence, introduction of policies and procedures and philanthropic initiatives within the areas of Human Rights, Labour, Environment and Anti-Corruption. We have incorporated the Ten Principles further into our corporate culture and firm identity through the continuation of support for various charitable organisations and initiatives supporting and working for children in our region suffering from the plight of poverty, human rights abuses and lack of education. We continue to uphold ethical business practices and seek to work with individuals and organisations that also maintain and uphold these values. Our work in 2012 has certainly been guided around the fundamental human right to education. This has been clearly demonstrated in LCC's Education Fundamentals Programme and in the work we have done with providing for tutoring in Vietnam and Fiji. These initiatives are expected to grow over coming years – we are pleased with their progress and eagerly await the good results we expect to see in 2013.

A report from Blue Dragon Children's Foundation, June 2013

In 2012 Lincoln Crowne and Company supported three Vietnamese victims of human trafficking with their tuition. These three young women were forced to work in brothels until they were rescued by the anti-trafficking team at Blue Dragon Children's Foundation. With continued support from Blue Dragon and LCC, they are now living in Hanoi and making excellent progress in their studies.



Phuong* was rescued from a brothel in July 2010, and has just finished Grade 11 at a high school in Hanoi. She will take her university entrance exams in the fall. Both Thanh* and Linh* were rescued in November 2011, and have since excelled in their respective university courses. Thanh is studying Social Work, while Linh is pursuing a degree in Mathematics. LCC's funding is providing them private, qualified tutors who work with them primarily on their English language skills.

All three young women are benefiting enormously from LCC's support: they are being trained in a global language which will open doors to long-term employment opportunities and security, giving them confidence and independence moving into the future. When Linh was asked about her language lessons, her enthusiasm was obvious. Her LCC-provided tutor is working with her on reading, writing and speaking skills - though it was obvious that speaking is her strength! She says that she tries to practice her English "everywhere, all the time!" It was clear that studying a new language has captured her imagination and will provide her with a highly marketable skill in the future. She, Phuong and Thanh will no doubt make the most of this generous support from LCC in the months and years to come.

**All names used have been changed to protect identity*

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Lincoln Crowne & Company is relocating soon. For our most recent contact information please refer to the LCC website. www.lcc.asia